

## **Revising the skilled nursing facility prospective payment system RUG-III classification system**

**ISSUE:** The defects of the current resource utilization group, version 3 (RUG-III) based prospective payment system for skilled nursing facilities (SNFs) have been documented by researchers and this Commission since the beginning the SNF prospective payment system. We are currently awaiting the release of a CMS report to the Congress mandated by the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 on different systems for categorizing patients in SNFs.

**KEY POINTS:** During this meeting we will review past research on modifying the SNF payment system and consider the application of various payment policies to SNFs.

**ACTION:** Commissioners should comment on the draft of the chapter for the June report. In April, we expect to supplement this chapter with additional details from past research. We also hope to be able to discuss the CMS report on RUG-IIIs and any action taken by CMS as a result of this research.

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